

AUDIT COMMITTEE
Minutes - Meeting of February 25, 2009
4:00 p.m., First Floor Meeting Room, Town Hall

COMMITTEE MEMBERS IN ATTENDANCE: Brian Morton (Finance Committee rep), Elaine Brighty (School Committee rep), Patricia Holland (Library Trustees rep), Gerry Weiss (Select Board rep). John Fox (at large rep) attended via conference call.

COMMITTEE MEMBERS ABSENT: None.

STAFF AND OTHERS IN ATTENDANCE: Assistant Town Manager/Finance Director John Musante, Comptroller Sonia Aldrich, Pat Squillante, independent auditor from Melanson Heath and Company, PC.

DISCUSSION:

The Town's independent auditor Pat Squillante, from the CPA firm of Melanson Heath and Company, PC reviewed the Annual Financial Statements for the fiscal year ending June 30, 2008. Key observations were:

- Returned appropriations of \$109,894, is a very small amount based on the size of the overall budget, and that again is an indicator of how tight budgets have become over the last few years in this fiscal climate.
- Self-insurance funds had a net increase of \$2,400,273, resulting from revenue in excess of claims incurred. This is largely due to the Health Insurance fund and the positive changes that have been made to the plans and increased premium rates.

The Management Letter was also reviewed. The Management Letter is a useful tool and is intended to identify opportunities to strengthen internal controls to reduce risk and enhance operating efficiency. Findings are summarized along with recommendations for improvements. These comments are followed up on in the subsequent year, and if no action has been taken by Town staff to improve procedures, they are repeated in the subsequent year's audit. Pat Squillante commented on the fact that Amherst rarely has a repeat comment and that this is a reflection of the professionalism and efficiency of the Town's management and staff.

- Departmental or program audits done for FY 08 were the School Lunch Program and Transfer Station. There were some suggestions on how we could make improvements to the School Lunch program for financial reporting and tracking process. The School Business Manager will follow up on these.

- Other recommendations to management included suggestions for monitoring the collateralization of cash balances and improving controls over departmental turnovers.
- The Committee agreed that for the next independent audit for FY 09, the Fire Department and the Town Clerk's office would be audited on how they handle cash receipts.
- Gerry Weiss asked that the Town-owned gasoline pumps policy and the overtime policy also be audited and include a review of what checks and balances in place.
- It was also noted that the Accounting and Treasurer's office do internal audits of all departments quarterly. These are done without any prior notification to the departments being audited.
- Pat Squillante commented on the great job the Finance and other departments do overall with the process of handling monies received and the checks and balances that are in place. She mentioned that Amherst has a lot going on and that we do a great job managing it.

MINUTES PREPARED BY: Sonia Aldrich, Comptroller.